

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Lower Taxes - The bill would allow a local school board to include a covenant to decrease non-voted capital outlay millage, commonly referred to as the 2 mill levy, in a resolution providing for the receipt of Local Government Infrastructure Surtax revenues, as authorized by section 212.055(2), Florida Statutes.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Section 1011.715, Florida Statutes, currently provides that the school board resolution providing for imposition of the School Capital Outlay Surtax through passage of a referendum may include a covenant by the school board to decrease the non voted local school property tax levied for capital purposes and maintain the tax at the reduced millage rate as long as the surtax is in effect.

School districts may also derive capital funding from the Local Government Infrastructure Surtax, section 212.055(2), Florida Statutes. The Local Government Infrastructure Surtax is proposed by a county and imposed after a referendum. The revenue from this Surtax is then distributed as determined in a local governmental agreement, which is typically reached before the surtax is imposed, which may provide for a portion of the revenue to go to the school board or municipalities.

When the interlocal agreement that provides for the school board to get a share of the Local Governmental Infrastructure Surtax is adopted by resolution of the school board, there is not a option for this resolution to contain a pledge to reduce the 2 mill levy, such as the one that can accompany the resolution to propose a School Capital Outlay Surtax.

The School Capital Outlay Surtax is not to exceed 0.5 percent. The Local Government Infrastructure Surtax may be 0.5 or 1.0 percent, and may be shared between the school district and other governmental purposes.

The maximum combined rate for the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care and Trauma Center Surtax, and the County Public Hospital Surtax, is 1%. In counties with a publicly supported medical school levying the Voter-Approved Indigent Care Surtax, the combined rate is 1.5 percent. The maximum combined rate for counties authorized to levy the Charter County Transit System Surtax is 2.5 percent. The School Capital Outlay Surtax is capped at 0.5%, and is not included in these tax rate caps.

According to the Department of Education, the counties which have approved Local Government Infrastructure Surtax referendums benefiting school districts include: Clay, Hillsborough, Lake, Osceola, Pinellas, Sarasota, and Seminole.

According to the Department of Education, school districts which benefit from the School Capital Outlay Surtax are: Bay, Escambia, Gulf, Hernando, Jackson, Leon, Manatee, Monroe, Orange, Polk, St. Lucie, Santa Rosa, and Volusia. Five of these districts levy less than the maximum capital outlay millage; Gulf, Jackson, Monroe, Orange, and Santa Rosa.

Proposed Changes

The bill would place in statute the option of a pledge by a school district to reduce the school capital outlay millage as a condition of a proposed Local Government Infrastructure Surtax which would

provide capital outlay funding for school purposes. Exchanging millage for surtax proceeds would have widely varying results in school districts of the state based on their respective property tax bases and sales tax collection experience.

The bill will take effect upon becoming a law.

C. SECTION DIRECTORY:

Section 1 amends section 1011.715, F.S. to allow local school board to include a covenant to decrease non-voted capital outlay millage, commonly referred to as the 2 mill levy, in a resolution providing for the receipt of Local Government Infrastructure Surtax revenues, as authorized by section 212.055(2), Florida Statutes.

Section 2 provides that this bill shall take effect upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See FISCAL COMMENTS

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Should a school district choose to shift capital funding from a property tax basis to a surtax basis, people other than land owners would participate in the funding of capital projects.

D. FISCAL COMMENTS:

The choice of the fund source by a school district would impact whether tax revenue would be paid only by property owners or would include all persons paying the surtax.

Depending on the amount of revenue generated from a property tax or from a surtax, a school district might receive more or less money from one source than the other. If the basis of the pledge to decrease the local capital outlay property tax levy when a surtax is imposed is accurately calculated so as to have a neutral impact on actual revenue collections, the impact of having the proposed option would be on who the person paying the tax is and not on the school district's revenue.

A county imposing the Local Government Infrastructure Surtax may not exceed a total maximum discretionary sales surtax combined rate of 1 percent. However, the 0.5 percent School Capital Outlay Surtax is not included in the maximum rate, thus a county with a school board choosing to impose the School Capital Outlay Surtax over the Local Government Infrastructure Surtax for purposes of decreasing the 2 mill school property tax, could have a maximum total discretionary

sales surtax rate of either 1.5 percent, 2 percent¹ or 3 percent.² Also, a school board may levy the School Capital Outlay Surtax while it is up to either a county or municipalities representing the majority of the county's population to levy the Local Government Infrastructure Surtax.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

¹ Counties with publicly supported medical schools that levy the Voter-Approved Indigent Care Surtax are authorized a combined rate of 1.5 percent. (Alachua, Leon and Escambia counties are the only counties with publicly supported medical schools).

² Counties that levy the Charter County Transit System Surtax are authorized a combined rate of 2.5 percent. (Eligible counties are Broward, Miami-Dade, Duval, Hillsborough, Pinellas, Sarasota, and Volusia).